



VIRGINIA EMPLOYMENT COMMISSION

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2021

Auditor of Public Accounts
Staci A. Henshaw, CPA

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AUDIT SUMMARY

Our audit of the Virginia Employment Commission (Commission) for the fiscal year ended June 30, 2021, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth's accounting and financial reporting system; the Commission's benefits, tax, and financial systems; and in the supplemental information and attachments submitted to the Department of Accounts;
- nine findings involving internal control and its operation necessary to bring to management's attention, five that are considered to be material weaknesses; and
- eight of the nine findings are considered to be instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

During our audit, we identified internal control and compliance findings that we believe are either directly, or indirectly, related to a lack of resources available for processing and adjudicating unemployment claims with the onset of the COVID-19 public health emergency. Since March 2020, the ramifications of the COVID-19 public health emergency have significantly affected the Commission's operations. To address the rapid rise in unemployment, the federal government provided additional federal funding to states and implemented several new unemployment-related benefits. The short timeframe associated with the implementation of these new programs allowed little time for states to modify existing processes and systems. The Commission struggled to adapt to these changes due to a lack of both staffing and technology resources. As a result, the Commission was not able to process unemployment benefit claims using its historical processes. While the Commission tried to process claims quickly, outdated technology and limited staffing resulted in a significant number of errors in benefit payments. The Commission did not detect many of these errors until after it issued payments, and the Commission did not have the systems or processes in place to record overpayments to recoup these funds.

The associated material weaknesses are considered material non-compliance and will result in a qualified opinion for the Unemployment Insurance (UI) program in the Commonwealth's Single Audit report for the year ended June 30, 2021. The Single Audit report will be available on APA's website at www.apa.virginia.gov in February 2022.

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INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Since March 2020, the Commission's operations have undergone substantial changes due to the COVID-19 public health emergency and the resulting increase in unemployment claims. During fiscal year 2021, the Commission processed \$8.4 billion in unemployment claims, which is a 61 percent increase over unemployment claims processed in fiscal year 2020. To address the rapid rise in unemployment, the federal government provided significant waivers and additional federal funding to states and implemented several new unemployment-related benefits. The Commission struggled to adapt to these changes due to a lack of both staffing and technology resources. As a result, the Commission was not able to process unemployment benefit claims using its historical processes. While the Commission tried to process claims quickly, outdated technology and limited staffing resulted in a significant number of errors in benefit payments. The Commission did not detect many of these errors until after it issued payments, and the Commission did not have the systems or processes in place to record overpayments to recoup these funds.

During our audit, we identified several internal control and compliance findings, detailed below, that we believe are either directly, or indirectly, related to the issues described above. Four of these findings report known questioned costs resulting from the overpayments of benefits that we identified through our sample. Questioned costs are costs that the auditor questions due to a finding resulting from a violation or possible violation of a statute, regulation, or the terms and conditions of a federal award. Collectively, we identified \$380,531 in known questioned costs and estimate approximately \$400 million in likely questioned costs.

Our estimate of likely questioned costs is based on a mathematical calculation whereby the known questioned costs identified from our non-statistical sampling method were projected to all benefit payments for the program areas tested for fiscal year 2021 and does not correlate to specific payments. However, this projection indicates that if we were to test the entire population, it is possible we would identify approximately \$400 million in questioned costs. These likely questioned costs are of particular concern as there is the potential of a future liability if the federal awarding agency decides later to review each claimant and determines to disallow the associated costs. Additionally, in cases where the Commission did not assess applicable individual claimants with an overpayment amount, it limits the Commission's ability to recover these funds to provide to the federal awarding agency.

Comply with Federal Requirements for Payment of Lost Wages Assistance

Type: Internal Control and Compliance

Severity: Material Weakness

Repeat: No

The Commission did not comply with federal requirements for payments to claimants for Lost Wages Assistance (LWA). Six of 15 (40%) claimants sampled receiving LWA were not eligible for the payments due to not meeting the minimum monetary eligibility requirement. In addition, the Commission did not record an overpayment for the ineligible payments.

Title 44 U.S. Code of Federal Regulations (CFR) 206.110 requires that only claimants who meet eligibility requirements receive payments. If payments are incorrect or made in error, the Commonwealth must record an overpayment. Further, the FEMA - Lost Wages Supplemental Payment Assistance Guidelines authorize states to pay the lost wages supplement of \$300 to claimants who received at least one dollar in benefits weekly from one or more of certain unemployment benefit programs.

We identified known questioned costs totaling \$6,900 for these six claimants. In addition to these questioned costs, there is a potential impact on receivables due from claimants as the Commission did not record these overpayments. The Commission's payments to ineligible claimants and the subsequent failure to record overpayments increases the risk that these payments are unallowable, requiring repayment to the funding agency. Further, the Commission's late identification of overpayments increases the risk that these receivable amounts will be uncollectible.

The Commission did not have adequate staffing resources to properly set up overpayments in the LWA system. In addition, since the Commission paid LWA from a separate legacy system, it was not able to perform a crossmatch with the UI system to help with the eligibility determination. The Commission should allocate the necessary resources to modify the LWA system to calculate and record overpayments of benefits and take steps to recoup these overpayments.

Comply with Federal Requirements for Payment of Federal Pandemic Unemployment Compensation

Type: Internal Control and Compliance

Severity: Material Weakness

Repeat: No

The Commission did not comply with federal requirements for payments to Pandemic Unemployment Assistance (PUA) claimants receiving Federal Pandemic Unemployment Compensation (FPUC) payments. For 26 of 60 (43%) claimants sampled receiving FPUC, the claimants were not eligible for the payments due to not meeting the minimum monetary eligibility requirement. In addition, the Commission did not record an overpayment for the ineligible payments.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 (Title II, Subtitle A of Pub. L. No. 116-136) created the FPUC program and mandated that FPUC payments could only be paid to claimants receiving at least \$1 in UI or PUA payments. We identified known questioned costs totaling \$9,000 for these 26 claimants, which also represent unrecorded overpayments. In addition to questioned costs, there is a potential impact on receivables due from claimants as the Commission did not record these overpayments.

The Commission's payments to ineligible claimants and subsequent failure to record overpayments increases the risk that these payments are unallowable, potentially requiring repayment to the funding agency. Further, the Commission's late identification of overpayments increases the risk that these receivable amounts will be uncollectible. The Commission did not have adequate staffing resources to properly set up overpayments in the PUA system. Therefore, the Commission should

allocate the necessary resources to adjust the PUA system to calculate and record overpayments of FPUC benefits and take steps to recoup these overpayments.

Comply with Federal Requirements for Pandemic Unemployment Assistance Payments

Type: Internal Control and Compliance

Severity: Material Weakness

Repeat: No

The Commission did not comply with federal requirements for payments to claimants receiving PUA payments by properly recording overpayments. In two separate samples of 60 claimants, we found:

- 53 of 60 (88%) claimants received PUA payments prior to exhausting UI benefits; and
- 27 of 60 (45%) claimants receiving PUA payments after December 27, 2020, provided no evidence of earnings.

The CARES Act of 2020 (Title II, Subtitle A of Pub. L. No. 116-136) created the PUA program and mandated that payments from the PUA program could only be paid to claimants after exhausting all UI benefits. The Continued Assistance for Unemployed Workers Act of 2020 (Continued Assistance Act) Division N, Title II, Subtitle A of the Consolidated Appropriations Act, 2021, further defined the PUA program requiring all claimants receiving payments after December 27, 2020, to provide evidence of self-employment earnings in order to remain eligible for PUA.

We identified known questioned costs totaling \$154,706 for the 53 claimants who received PUA payments prior to exhausting UI benefits, which are potential unrecorded overpayments. Payments to claimants after December 27, 2020, who did not provide evidence of earnings resulted in known questioned costs totaling \$178,500. In addition to questioned costs, there is a potential impact on receivables due from claimants as the Commission did not record these overpayments.

The Commission's payment to ineligible claimants and the subsequent failure to record overpayments increases the risk that these payments are unallowable, requiring repayment to the funding agency. In addition, there is the risk that overpayment amounts will be uncollectible. The Commission did not have adequate staffing resources to properly set up overpayments in the PUA system; therefore, the Commission should allocate the necessary resources to adjust the PUA system to calculate and record overpayments and take steps to recoup these overpayments.

Comply with Federal Reemployment Services and Eligibility Assessment Requirements

Type: Internal Control and Compliance

Severity: Material Weakness

Repeat: No

In our prior report, we noted that the Commission did not comply with requirements for operation of its federally mandated Reemployment Services and Eligibility Assessment (RESEA) program by suspending the program during the pandemic without U.S. Department of Labor (Labor) approval.

While the Commission resolved this issue and restarted the program in late October 2020, it is noncompliant with program requirements. For 11 of 60 (18%) claimants sampled, the claimant did not respond, attend, and/or complete the required RESEA program and the Commission did not place a hold on benefits nor refer the claimant to adjudication. In these cases, the Commission paid claimants weekly unemployment benefits and did not establish overpayments.

Section 306(b) of the Social Security Act (42 USC § 506) requires all states to operate either a Worker Profiling and Reemployment Services Program (WPRS) or a RESEA program, or both. The requirements include profiling of all claimants to determine who will likely exhaust their benefits and need reemployment services to transition to new employment. In addition, Unemployment Insurance Program Letter (UI-PL) 13-21 requires that once the state notifies a claimant that he or she has been selected to participate in the RESEA program, participation in RESEA is mandatory as a condition of Unemployment Compensation eligibility. We identified known questioned costs totaling \$31,425 for the 11 exceptions, which represent overpayments to claimants that the Commission has not yet recorded.

The Commission's failure to ensure that claimants do not receive benefits if they do not complete the program can result in benefit overpayments and also increases the risk of sanctions and penalties imposed by Labor. The Commission's failure to ensure claimants complete the program can seriously diminish the ability of claimants to obtain new employment; thereby prolonging the unemployment costs. RESEA managers indicated that errors occurred due to insufficient staff, minimal training of new staff, and current staff forgetting to place issue codes on noncompliant program participants. The Commission should take steps to properly train staff in all RESEA requirements, especially the need to place an issue code on noncompliant claims so that the Commission withholds benefits until adjudication is complete.

Comply with Federal Requirements for Review of Tax Performance System

Type: Internal Control and Compliance

Severity: Material Weakness

Repeat: No

The Commission did not comply with federal requirements for the annual review of the Tax Performance System (TPS). We found that the Commission did not complete the required TPS system review during calendar year 2020. In addition, the Commission did not complete a sampling review for four of six areas required to be sampled annually and the reviewer did not complete and/or retain the required checklist for ten of 18 (56%) samples selected for review.

Title 20 CFR 602 requires states to operate a program to assess their UI tax and benefit programs. TPS is designed as a cost-effective means to assess the major internal UI tax functions and operations. The TPS review assists state administrators in improving their UI programs by providing objective information on the quality of existing revenue operations. TPS also serves to help Labor carry out its oversight, technical assistance, and policy development responsibilities. One of the primary goals of the system is to achieve continuous improvement of overall performance quality. Not performing the required reviews increases the risk that the Commission's tax system is not properly calculating employer rates. System errors could lead to employers paying less than required causing an unnecessary burden

on the trust fund, or paying more than required, causing unnecessary burdens on employers and the need to calculate and issue refunds.

The employee responsible for performing the TPS review resigned without notice in August 2020 and the Commission did not hire a replacement until January 2021. The Commission did not ensure the replacement employee was fully trained in the program requirements. In addition, the Commission did not utilize the central repository for documentation of the sampling review causing inadequate retention of supporting documentation.

While the Commission is compliant in timely filing of the TPS report, it should ensure that staff follow proper procedures for completion of the report and required system reviews. This includes cross-training of employees so that there is no lag in performing procedures to complete the report and ensuring the tax system is operating as required. Employees responsible for TPS reviews should have a comprehensive knowledge of the UI tax system, skills in planning and conducting system reviews, and the ability to communicate effectively through presentation of findings and recommendations to line staff and management. Although Labor allocates funding for one staff to perform the TPS review, they do permit the review to be completed by one full-time staff or divided among several staff on a part-time basis. The Commission should consider distributing these duties to several employees to help ensure a position vacancy will not cause a delay in testing or reporting.

Submit Required Reports Timely

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Yes (first issued in fiscal year 2020, with limited progress in this area)

The Commission did not submit Employment and Training Administration (ETA) Reports by their required deadlines. The Commission was late filing reports in three quarterly reporting areas for one of four reports (25%) filed. Labor Handbooks 336 and 401 (Handbooks) require specific filing dates for all reports. These reports provide information to Labor, which is used to measure the performance and effectiveness of various unemployment-related programs. Grant agreements between the Commission and Labor require the Commission to submit required reports timely and in accordance with the Handbooks. Failure to submit reports timely may cause delays in funding from Labor or suspension of funds needed for ongoing Commission operations. In addition, continued delays could result in additional federal oversight.

The Commission made progress in this area; however, the late filing issues remain due to continued increased workloads and staffing shortages. The Commission should file all reports by the required due date and should update internal policies and procedures for each required report to provide clear guidance for report submissions and consequences for late filing.

Properly Complete the Employment Eligibility Form

Type: Internal Control and Compliance

Severity: Deficiency

Repeat: Yes (first issued in fiscal year 2020)

The Commission's Human Resources Department (Human Resources) continues to not complete the Employment Eligibility Verification (I-9) forms and processes in accordance with guidance issued by the U.S. Citizenship and Immigration Services of the U.S. Department of Homeland Security. In the current year, Human Resources did not meet the requirements to complete the Employment Eligibility Verification (E-Verify) within three business days of employment. For seven of 40 (17.5%) new employees, Human Resources did not create a case in E-Verify within three business days of the employee's start date.

The E-Verify User Manual M-775 (Manual), Chapter 1, Section 1.5, requires the employer to create a case for each newly hired employee no later than the third business day after he or she starts work for pay. Additionally, § 40.1-11.2 of the Code of Virginia requires all agencies of the Commonwealth to use the E-Verify program for each newly hired employee who is to perform work within the Commonwealth. Noncompliance with federal regulations related to employment verification could result in civil and/or criminal penalties and debarment from government contracts.

These instances resulted from various factors including an increased volume of new hires, a shortage of trained Human Resources staff, and a lack of supervisory oversight. The Commission should properly train managers and those tasked with completing the I-9 forms and E-Verify procedures on the Commission's processes for on-boarding employees and make them aware of all requirements to complete these forms and procedures accurately and timely.

Comply with Statutory Deduction Requirements

Type: Internal Control and Compliance

Severity: Deficiency

Repeat: Yes (first issued in fiscal year 2020)

As noted in our prior report, the Commission did not comply with federal and state requirements for deductions from PUA payments, including federal income tax, child support, and treasury offset programs. Attachment 1 to UI-PL No. 16-20, Change 1, confirms that PUA benefits are subject to federal income taxation. Section 60.2-608 of the Code of Virginia requires withholding of child support from any unemployment compensation paid to an individual. Per Internal Revenue Service guidance, treasury offset programs (TOP) are required to continue to collect all certified delinquent nontax and state debts through TOP from all eligible payments. Section 2.2-4809 of the Code of Virginia requires the State Treasurer to reduce any state payment by the amount of any federal debt submitted in accordance with the agreement authorized by 31 U.S.C. § 3716 for the collection of any debts owed to state agencies and pay such amount to the appropriate federal official in accordance with the procedures specified in such agreement.

Failure to deduct statutory payments increases the risk that the Commission may be required to repay these amounts from administrative funds in addition to being subject to sanctions and penalties. Labor required that the Commission provide PUA payments to claimants as quickly as possible. Staffing limitations coupled with the necessity to set up a new and separate system for PUA payments did not allow the additional time required for the Commission to properly include the deduction calculations in the new system. The Commission should allocate the necessary resources to adjust the PUA system to enable deductions as ongoing PUA payments may be required.

Continue to Improve Information Technology Governance

Type: Internal Control

Severity: Deficiency

Repeat: Partial (first issued in fiscal year 2020, with significant progress in this area)

Prior Title: Improve Information Technology Governance

In our prior report, we noted that the Commission required improvement in strategic and managerial (tactical) information technology (IT) governance. The Commission has made significant progress in this area, including the creation of an IT Strategy Committee to evaluate and make informed enterprise-wide financial/IT decisions based on current and possible future agency mission needs. Communication at the project management level continues to improve but currently is still in the planning stages.

Virginia Information Technologies Agency (VITA) Enterprise Architecture Policy defines how agencies can achieve excellence in IT Strategic Governance. The value statement of that policy states “agencies that embrace business-driven architecture have a technology plan to guide their directions, choices, and investments. They also possess a framework allowing them to respond to business and IT trends.” The policy also outlines maturity levels that are obtained by achieving certain functional criteria.

The Commission, due to reduced resources, had placed most of its IT governance into operational and project-oriented management. However, it has been working with VITA to adopt applicable policies and standards and implement processes to improve overall IT planning and awareness. The Commission should continue to work to adopt an enterprise IT governance framework (including strategic governance). The IT Strategic Committee should continue its efforts to strengthen and communicate goals.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 15, 2021

The Honorable Glenn A. Youngkin
Governor of Virginia

The Honorable Kenneth R. Plum
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records, operations, and federal compliance of the **Virginia Employment Commission** (Commission) including federal programs for the year ended June 30, 2021. We conducted this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, in support of the Commonwealth's Annual Comprehensive Financial Report and Single Audit. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objective was to evaluate the accuracy of the Commission's financial transactions as reported in the Annual Comprehensive Financial Report for the Commonwealth of Virginia and test federal compliance in support of the Commonwealth's Single Audit for the year ended June 30, 2021. In support of this objective, we evaluated the accuracy of recorded financial transactions in the Commonwealth's accounting and financial reporting system, the Commission's financial systems, and supplemental information and attachments submitted to the Department of Accounts (Accounts); reviewed the adequacy of the Commission's internal control; tested for compliance with applicable laws, regulations, contracts, and grant agreements; and reviewed corrective actions with respect to audit findings and recommendations from prior year reports.

Audit Scope and Methodology

Commission management has responsibility for establishing and maintaining internal control and complying with applicable laws, regulations, contracts, and grant agreements. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial

reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the Unemployment Insurance federal grant program, the Coronavirus Relief Fund and Federal Emergency Management Agency grants as they relate to unemployment programs, and the following significant cycles, classes of transactions, and account balances.

- Federal grant revenues and expenses
- Accounts payable
- Payroll expenses
- Appropriations
- Cash receipting and collections of accounts receivable
- Information system security

We performed audit tests to determine whether Commission controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of Commission operations. We performed analytical procedures, including budgetary and trend analyses, and tested details of transactions to achieve our audit objectives.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and, when appropriate, we projected our results to the population.

Our consideration of internal control over financial reporting and federal compliance (internal control) was for the limited purpose described in the section “Audit Objectives” and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the section titled “Internal Control and Compliance Findings and Recommendations,” we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements or noncompliance on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements or material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a

timely basis. We consider the deficiencies titled, “Comply with Federal Requirements for Payment of Lost Wages Assistance,” “Comply with Federal Requirements for Payment of Federal Pandemic Unemployment Compensation,” “Comply with Federal Requirements for Pandemic Unemployment Assistance Payments,” “Comply with Federal Reemployment Services and Eligibility Assessment Requirements,” and “Comply with Federal Requirements for Review of Tax Performance System,” which are described in the section titled “Internal Control and Compliance Findings and Recommendations,” to be material weaknesses. These material weaknesses will result in the Unemployment Insurance federal program receiving a qualified opinion on compliance.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency titled “Submit Required Reports Timely,” which is described in the section titled “Internal Control and Compliance Findings and Recommendations,” to be a significant deficiency.

In addition to the significant deficiencies, we detected deficiencies in internal control that are not significant to the Commonwealth’s Annual Comprehensive Financial Report and Single Audit but are of sufficient importance to warrant the attention of those charged with governance. We consider the findings titled “Properly Complete the Employment Eligibility Form”, “Comply with Statutory Deduction Requirements,” and “Continue to Improve Information Technology Governance,” which are described in the section titled “Internal Control and Compliance Findings and Recommendations,” to be deficiencies.

Conclusions

We found that the Commission properly stated, in all material respects, the amounts recorded and reported in the Commonwealth’s accounting and financial reporting system, the Commission’s financial systems, and supplemental information and attachments submitted to the Department of Accounts.

We noted certain matters involving internal control and its operation and compliance with applicable laws, regulations, contracts, and grant agreements that require management’s attention and corrective action. These matters are described in the section titled “Internal Control and Compliance Findings and Recommendations.”

The Commission has taken adequate corrective action with respect to audit findings and recommendations reported in the prior year that are not repeated in this letter.

Since the findings noted above include those that have been identified as material weaknesses and significant deficiencies, they will be reported as such in the “Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards” and the “Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance,” which are included in the Commonwealth of Virginia’s Single Audit Report for the

year ended June 30, 2021. The Single Audit Report will be available at www.apa.virginia.gov in February 2022.

Exit Conference and Report Distribution

We discussed this report with management on January 13, 2022. Management's response to the findings and recommendations identified in our audit is included in the section titled "Agency Response." We did not audit management's response, and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

KJS/vks



COMMONWEALTH of VIRGINIA

Virginia Employment Commission

Ellen Marie Hess
Commissioner

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Richmond, VA 23230

Post Office Box 26441
Richmond, VA 23261-6441

January 13, 2022

Ms. Staci Henshaw
Auditor of Public Accounts
Post Office Box 1295
Richmond, Virginia 23218

Dear Ms. Henshaw:

Thank you for the opportunity to review the Auditor of Public Accounts' audit report for the year ended June 30, 2021. The extraordinary circumstances as a result of the pandemic have continued to impact and expand every aspect of the VEC's responsibilities, operations, and personnel. VEC staff have worked for an extensive period under exceedingly difficult conditions to achieve our mission and to serve the Commonwealth. With that in mind, I want to express my gratitude for the professionalism and understanding of the circumstances that your staff demonstrated throughout the audit.

The comments and recommendations included in the audit report are appreciated and are given the highest level of importance and consideration as we continue to review and improve our practices and procedures. We concur with the findings and recommendations identified in your report and we plan to take appropriate actions to remediate the findings.

Again, we appreciate the opportunity to provide comments as part of our office's report of the financial records and operations of the Virginia Employment Commission for the year ended June 30, 2021.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey L. Ryan".

Jeffrey L. Ryan
Chief Deputy Commissioner

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VRC/TDD VA Relay 711
Equal Opportunity Employer/Program

VIRGINIA EMPLOYMENT COMMISSION

As of June 30, 2021

Ellen Marie Hess
Commissioner

Jeffrey Ryan
Chief Deputy Commissioner

William Walton
Deputy Commissioner for Unemployment Insurance

Jason Brown
Deputy Commissioner for Workforce Services

Michael Faszewski
Director of Finance